

## HANOVER FINANCE COMMITTEE

### Position Statement on Tentative Union Contract Agreements and FY2024 Town Budget

The Hanover Finance Committee (HFC) is an appointed Town committee of Hanover residents<sup>1</sup> charged with reviewing financial matters of the Town and offering guidance on those matters to the Hanover Selectboard, Town officials and residents. As part of its deliberations on the proposed Town budget, HFC reviewed projected revenue and expenditure data, attended public budget meetings, and discussed the details of the budget with Selectboard members and Town administrators.

**During a public meeting on March 29, 2023, the Hanover Finance Committee voted unanimously to support the proposed one-year contracts with police officers, fire fighters and Public Works employees, and also the proposed FY24 Town budget, representing a 6.56% (or 36 cent) increase in the combined Town General Fund and “blended” Fire Fund tax rates which currently stand at \$5.49 per \$1,000 of taxable assessed property value prior to this increase. After subtracting all revenues, the amount to be levied to taxpayers is \$15,889,507, a \$1,063,770 (or 7.2%) increase from the current year.**

HFC supports the three contracts with provisions that extend to union as well as non-union employees. These provisions include a 5% cost of living adjustment plus 2% “step” increases for most employees. An additional two steps are proposed for Fire Department staff to equalize their “step” placement with those in the Police Department. As in last year’s contract, employees are also to receive a lump-sum payment between \$150 and \$1,750, and now all employees who work in a critically understaffed division are to receive an additional \$100 per week in pay. Combined, these provisions are estimated to have added over \$1.1 million to the budgets. While a significant increase, pay raises in recent years have not kept up with the pace of inflation, and the Town has been challenged in attracting and retaining the dedicated and conscientious work force on which we rely.

In addition to the items mentioned above, HFC supports other increases which would, among other things, help the Town save for future capital projects (\$61,000), maintain the recycling program (\$49,000) and add two key staff positions: 1. An additional dispatcher so that two will be on duty at all times; and 2. A Town Clerk position to enhance capacity in election planning and other key governmental functions.

For the third straight year, the Selectboard budget proposes use of one-time monies from the Undesignated Fund Balance (UFB) to support on-going operational expenses and to temper what would otherwise be a 10.5% tax rate increase. This is of particular concern as the reliance on UFB is increasing, and in the case of the Ambulance Fund where the UFB will be drawn down to \$0, its usage is inconsistent with Selectboard policy. HFC also notes that capital reserve funds are on a trajectory to be depleted more rapidly than they are replenished—owing to the impact of inflation on replacement costs. HFC urges Selectboard and administrators to carefully monitor and plot the multi-year trajectories necessary to keep future increases manageable to taxpayers. The Selectboard’s involvement will be critical in this highly uncertain environment.

In closing, HFC expresses its great appreciation for the efforts of staff, administrators and Board members throughout this past year and the difficulties endemic to times of transition. We note the budget process of the past two years has been less than ideal and many questions regarding fiscal management have been raised as completion of the FY22 audit is still in the wings. We are now confident, however, that with the recent hiring of key staff that the Town is again on sound footing, and we look forward to a productive year ahead.

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<sup>1</sup> Members this year have been Kari Asmus, Carey Callaghan, Mac Gardner, Herschel Nachlis, William V. Geraghty (Hanover Selectboard member), Kimberly Hartmann (Hanover School Board member) and Gregory L. Snyder.